

**LOUISIANA STATE BOARD OF EMBALMERS  
AND FUNERAL DIRECTORS  
LOUISIANA DEPARTMENT OF HEALTH  
AND HOSPITALS  
METAIRIE, LOUISIANA  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/13/10

**LOUISIANA STATE BOARD OF EMBALMERS  
AND FUNERAL DIRECTORS  
STATE OF LOUISIANA  
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JUNE 30, 2010**

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# **BAXLEY AND ASSOCIATES, LLC**

P. O. Box 482  
58225 Belleview Drive  
Plaquemine, Louisiana 70764  
Phone (225) 687-6630 Fax (225) 687-0365

**Hugh F. Baxley, CPA/CVA/PFS/FCPA**  
**Margaret A. Pritchard, CPA**

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**Staci H. Joffrion, CPA**

Louisiana State Board of Embalmers  
and Funeral Directors  
Department of Health and Hospitals  
State of Louisiana  
Metairie, Louisiana

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying basic financial statements of the business-type activities of the Louisiana State Board of Embalmers and Funeral Directors, a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Louisiana State Board of Embalmers and Funeral Directors' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note A, the financial statements of the Louisiana State Board of Embalmers and Funeral Directors, a component unit of the State of Louisiana, are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities. They do not purport to, and do not, present fairly the financial position of the State of Louisiana, as of June 30, 2010, and the changes in financial position and cash flows, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Louisiana State Board of Embalmers and Funeral Directors as of June 30, 2010, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

In accordance *Government Auditing Standards*, we have also issued a report dated on August 12, 2010, on our consideration of the Louisiana State Board of Embalmers and Funeral Directors' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of the audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 6 and 19 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting or placing the basic financial statements to an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the financial statements as a whole.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
August 12, 2010

**LOUISIANA STATE BOARD OF EMBALMERS  
AND FUNERAL DIRECTORS  
Department of Health and Hospitals  
State of Louisiana  
Management's Discussion and Analysis**

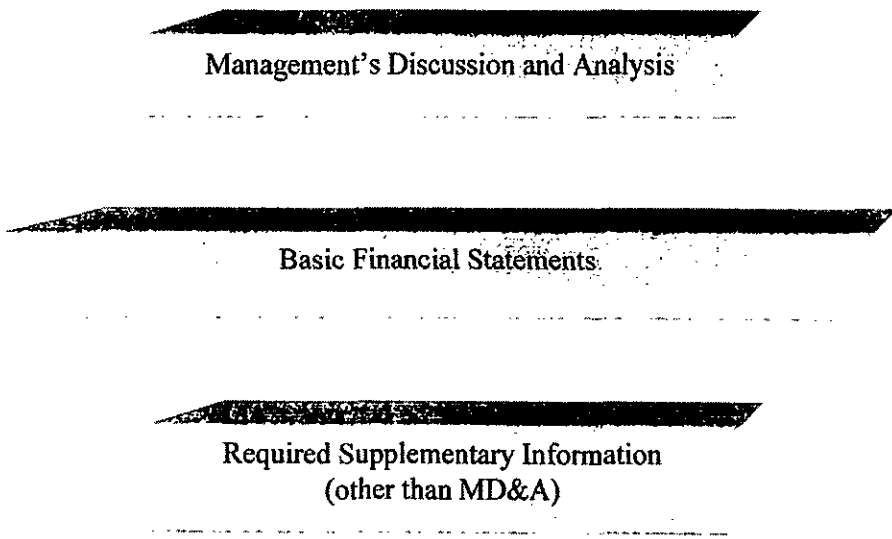
The Management's Discussion and Analysis of the Louisiana State Board of Embalmers and Funeral Directors' financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter and the Board's financial statements.

**FINANCIAL HIGHLIGHTS**

- ★ The Board's assets exceeded its liabilities at the close of fiscal year 2010 by \$494,667. The net assets decreased by \$5,413.
- ★ The Board's revenue decreased by \$4,718 (or .97%).

**OVERVIEW OF FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments*.



**Management's Discussion and Analysis**

**Basic Financial Statements**

**Required Supplementary Information  
(other than MD&A)**

These financial statements consist of three sections – Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

**LOUISIANA STATE BOARD OF EMBALMERS  
AND FUNERAL DIRECTORS  
Department of Health and Hospitals  
State of Louisiana  
Management's Discussion and Analysis**

**Basic Financial Statements**

The basic financial statements present information for the Louisiana State Board of Embalmers and Funeral Directors as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 9) presents information showing how the Board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (page 10) presents information showing how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE BOARD**

Statement of Net Assets  
as of June 30, 2010 and 2009

	Total	
	2010	2009
Current and other Assets	\$ 648,887	\$ 617,414
Capital assets	4,977	2,420
Total assets	653,864	619,834
Other Liabilities	26,480	19,553
Long-term debt outstanding	132,717	100,201
Total liabilities	159,197	119,754
Net Assets:		
Invested in capital assets, net of debt	4,977	2,420
Restricted	-	-
Unrestricted	489,690	497,660
Total net assets	\$ 494,667	\$ 500,080

**LOUISIANA STATE BOARD OF EMBALMERS  
AND FUNERAL DIRECTORS  
Department of Health and Hospitals  
State of Louisiana  
Management's Discussion and Analysis**

Restricted net assets represent those agents that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of the Board decreased by \$5,413 from June 30, 2009 to June 30, 2010.

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
for the years ended June 30, 2010 and June 30, 2009

	<u>Total</u>	
	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 471,961	\$ 470,629
Operating expenses	<u>(490,212)</u>	<u>(489,967)</u>
Operating income (loss)	<u>(18,251)</u>	<u>(19,338)</u>
Non-operating revenues	12,838	18,888
Non-operating expenses	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>(5,413)</u>	<u>(450)</u>
Transfers in	-	-
Transfers out	<u>-</u>	<u>-</u>
Net increase (decrease) in net assets	<u><u>(5,413)</u></u>	<u><u>\$ (450)</u></u>

The Board's total revenues decreased by \$4,718 (or .97%). The total cost of all programs and services increased by \$245 (or .05%).

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the fiscal year ended June 30, 2010, the Board had \$4,977 invested in a broad range of capital assets, including furniture and equipment. This amount represents a net increase of \$2,557, or 51.37%, over last year.

**LOUISIANA STATE BOARD OF EMBALMERS  
AND FUNERAL DIRECTORS  
Department of Health and Hospitals  
State of Louisiana  
Management's Discussion and Analysis**

**Capital Assets at June 30, 2010  
(Net of Depreciation)**

Furniture and Equipment	\$4,977
-------------------------	---------

The year's major additions included replacement of office equipment.

**Debt**

The Board did not have any bonds or notes outstanding at the end of the fiscal year. There were no claims or judgments at the end of the fiscal year. The only significant liabilities were in the form of compensated absences and other postemployment benefits.

**BUDGET**

The fiscal year 2010 annual budget was approved by the board at the October 29, 2008 meeting.

**CONTACTING THE LOUISIANA BOARD OF EMBALMERS AND FUNERAL  
DIRECTORS' MANAGEMENT**

The financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the Louisiana State Board of Embalmers and Funeral Directors' finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dawn Scardino, the Executive Director of the Louisiana State Board of Embalmers and Funeral Directors, at (504) 292-1190.



## **FINANCIAL STATEMENTS**

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS**  
**DEPARTMENT OF HEALTH AND HOSPITALS**  
**STATE OF LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

**ASSETS**

## Current assets

Cash and cash equivalents	\$ 648,387
Receivables	500
Prepays	-
Total current assets	<u>648,887</u>

## Non-current assets

Capital assets, net of depreciation	<u>4,977</u>
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**TOTAL ASSETS** \$ 653,864

**LIABILITIES AND NET ASSETS**

## Current Liabilities

Accounts payable	\$ 22,515
Current portion of long-term liability -	
Accrued compensated absences	<u>3,965</u>
Total Current Liabilities	<u>26,480</u>

## Noncurrent Liabilities:

Accrued compensated absences	20,213
OPEB payable	<u>112,504</u>
Total Noncurrent Liabilities	<u>132,717</u>

Total Liabilities 159,197

## Net Assets

Invested in capital assets	4,977
Unrestricted net assets	<u>489,690</u>
Total Net Assets	<u>494,667</u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 653,864

The accompanying notes are an integral part of this financial statement.

**EXHIBIT B**

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010**

**OPERATING REVENUES**

Licenses, permits, and fees	\$ 471,961
Total Operating Revenues	<u>471,961</u>

**EXPENSES**

Personnel services	318,057
Travel	49,560
Operating services	47,323
Supplies	12,303
Professional services	59,996
Depreciation	<u>2,973</u>
Total Operating Expenses	<u>490,212</u>

**OPERATING INCOME** **(18,251)****NON-OPERATING REVENUES**

Use of money and property	11,054
Other revenues	<u>1,784</u>
Total Non-operating Revenues	<u>12,838</u>

**Change in net assets** **(5,413)****Total net assets - beginning of year** **500,080****Total net assets - end of year** **\$ 494,667**

The accompanying notes are an integral part of this financial statement.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 472,051
Cash paid to suppliers for goods and supplies	(163,074)
Cash paid to employees for services	(284,722)
Net cash provided (used) by operating activities	<u>24,255</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Other non-operating revenue	<u>1,784</u>
Net cash provided by non-capital financing activities	1,784

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of fixed assets	(5,530)
Interest earned	<u>11,054</u>
Net cash provided by investing activities	5,524

**Net increase in cash** 31,563

**Cash, beginning of year** 616,824

**Cash, end of year** \$ 648,387

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income (loss)	\$ (18,251)
Adjustments to reconcile operating income (loss) to net cash cash provided (used) by operating activities:	
Depreciation	2,973
Decrease in prepaids	90
Increase in accounts payable and other accruals	6,108
Increase in compensated absence payable	2,631
Increase in OPEB payable	<u>30,704</u>

**Net cash used by operating activities** \$ 24,255

The accompanying notes are integral part of this financial statement.

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Nature of Activities**

The Louisiana State Board of Embalmers and Funeral Directors is a component unit of the State of Louisiana created under the provisions of the Louisiana Revised Statute 37:831-861, within the Department of Health and Hospitals, and is domiciled in Metairie, Louisiana. The board consists of nine members appointed by the governor. The board shall include four licensed embalmers and four licensed funeral directors, all of whom shall have had experience in their respective professions for at least five years. The board shall also include one member who shall be sixty years of age or over and who shall serve as a representative of the elderly consumers of Louisiana. The elderly member shall not be actively engaged in nor shall he be retired from the occupation, profession, or industry of funeral directors or embalmers. The members may receive a per diem not to exceed \$100 per meeting or day spent on business of the board, plus travel expenses. The board is charged with the responsibility of licensing and regulating embalmers, funeral directors, and funeral homes within the State of Louisiana. Operations of the board are funded through self-generated revenues.

**2. Basis of Presentation**

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and financial reporting standards.

**3. Reporting Entity**

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The board is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the state's boundaries. The accompanying financial statements present only transactions of the Louisiana State Board of Embalmers and Funeral Directors. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

**4. Fund Accounting**

All activities of the board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. Basis of Accounting**

The accounting and financial reporting treatment applied to the board is determined by its measurement focus. The transactions of the board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Net Assets are segregated into invested in capital assets and unrestricted net assets.

**6. Budget Practices**

Annually, the board adopts a budget as prescribed by Revised Statute 39:1331-1342. The budget for fiscal year ended June 30, 2010 was adopted on October 29, 2008, and was prepared on the modified accrual basis of accounting. Although budget amounts lapse at year-end, the board retains its unexpended net assets to fund expenditures of the succeeding year.

**7. Cash and cash equivalents**

Cash and cash equivalents include petty cash, demand deposits, and time certificate of deposits. Under state law, the board may deposit funds in a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the board may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**8. Capital Assets**

Capital assets are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Furniture and equipment and automobiles include all items valued over \$5,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

Automobiles	5 Years
Furniture and Equipment	10 Years

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**9. Compensated Absences**

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. Each employee may accumulate an unlimited amount of vacation and sick leave. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at their current rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Compensated absences are computed in accordance with GASB Codification Section C60, and are recognized as an expense and liability in the financial statements when incurred.

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned. Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. Compensatory leave is computed in accordance with GASB Codification Section C60.105, and is recognized as an expense and liability in the financial statements when incurred.

**10. Net Assets**

Net assets comprise the various net earnings from operation, non-operating revenues, expenses and contributions of capital. Net assets are classified in the following components:

Invested in capital assets – Consists of all capital assets, net of accumulated depreciation.

Unrestricted net assets – Consists of all other net assets that are not included in the other categories previously mentioned.

**NOTE B – CASH AND CASH EQUIVALENTS**

At June 30, 2010, the board has cash (book balances) totaling \$648,287.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent banks. The fair value of the pledged securities plus the federal security must at all times equal the amount on deposit with the fiscal agents. At June 30, 2010, the board has \$670,159 in deposits (collected bank balances) that were insured by FDIC in the amount of \$750,000 and collateralized with securities of \$350,000 held by the board or its agent in the board's name.

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE C – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Furniture and Equipment	\$ 17,740	\$ 5,530	\$ (5,640)	\$ 17,630
Less Accumulated Depreciation	(15,320)	(2,973)	5,640	(12,653)
Net Capital Assets	<u>\$ 2,420</u>	<u>\$ 2,557</u>	<u>\$ -</u>	<u>\$ 4,977</u>

**NOTE D – RETIREMENT SYSTEM**

Substantially, all employees of the Board belong to the Louisiana State Employees Retirement System (LASERS), a single-employer defined benefit pension plan. The System is a statewide employee retirement system and is available to all eligible employees. The System published annual financial reports that include detailed historical, financial, and actuarial information.

All full time board employees are eligible to participate in the System. Benefits vest with 10 year of service. Generally, at retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months average salary multiplied by their years of service, except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to participate before July 1, 2006 are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of ten years of services.

The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana, 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the board is required to contribute at an actuarially determined rate as required by Revised Statute 11:102. The board's contribution rate for the fiscal years ended June 30, 2010, 2009, and 2008, were 18.6%, 18.5%, and 20.4%, respectively, of annual covered payroll. The board's contributions to the System for the years ending June 30, 2010, 2009, and 2008 were \$39,822, \$33,533, and \$36,341, respectively, which are the required contributions for each year.



**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE E – EMPLOYEE BENEFITS - OTHER POST-EMPLOYMENT BENEFITS**

The Board may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all employees become eligible for those benefits if they reach normal retirement age while working for the Board and were covered by the Board's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

*Plan Description.* The State of Louisiana's Other Post-Employment Benefit Plant (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care- OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

LRS 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from the Office of Statewide Reporting and Accounting Policy's website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap), writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

*Funding Policy.* LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Board with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. - 81%; 10-14 yrs. - 62%; 15-19 yrs. - 44%; 20+ yrs. - 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO, and EPO plans. The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at \$50,000.

Premiums paid for healthcare coverage vary depending on the plan chosen. For the year ended June 30, 2010, this amount ranges \$315 to \$341 per month for single members with Medicare or \$969 to \$1,049 per month without Medicare.

Premiums paid for retiree and spouse range from \$1,164 to \$1,261 per month for those with Medicare or \$1,710 to \$1,853 per month for those without Medicare. The rates for retirees with children are slightly higher than the single rates and family coverage is slightly higher than the retiree/spouse rates. The plan is currently financed on a pay-as-you-go basis by the Board.

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE E – EMPLOYEE BENEFITS - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

*OPEB Cost/Obligation.* The Board's Annual Required Contribution (ARC) is an amount actuarially in accordance with GASB 45. The Annual Required Contribution (ARC) represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year beginning July 1, 2009, is as follows:

Annual OPEB Expense and Net OPEB Obligation

Fiscal Year Ending	6/30/2010
Net OPEB Obligation at June 30, 2009	<u>\$ 82,000</u>
Annual Required Contribution	36,700
Interest on Net OPEB Obligation	3,300
ARC Adjustment	<u>(3,100)</u>
Annual OPEB Expense	36,900
Contributions made	<u>(6,396)</u>
Net OPEB Obligation at June 30, 2010	<u><u>\$ 112,504</u></u>
Percentage of Annual OPEB Cost Contributed	17.43%

*Funding Status and Funding Progress.* As of June 30, 2010, the Board had made no contributions to its post-employment benefits plan trust. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below:

Actuarial accrued liability (AAL)	\$ 346,900
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 346,900
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	179,900
UAAL as a percentage of covered payroll	193%

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE E – EMPLOYEE BENEFITS - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

*Actuarial Methods and Assumptions.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2010, was thirty years.

**NOTE F – LEASE AND RENTAL COMMITMENTS**

The board has continuing obligations for operating leases at June 30, 2010 as follows:

	Office Space	Equipment
FY 2011	\$ 28,101	\$ 5,744
FY 2012	28,101	1,665
FY 2013	18,734	-
FY 2014	-	-
	<u>\$ 74,936</u>	<u>\$ 7,409</u>

Lease and rental expenses for the year ended June 30, 2010 totaled \$33,066.

**NOTE G – PAYABLES**

At June 30, 2010, the board had payables totaling \$ as follows:

Accounts payable	\$ 6,800
Accrued wages and benefits payable	15,715
Total payables	<u>\$ 22,515</u>

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE H – COMPENSATED ABSENCES**

A summary of the changes in compensated absences is as follows:

June 30, 2009	\$	21,547
Additions		<u>2,631</u>
June 30, 2010	\$	<u>24,178</u>

The additions to compensated absences during the 2009/10 fiscal year represent the net change during the year because the additions and deductions could not readily be determined.

## **SUPPLEMENTAL INFORMATION**

**SCHEDULE 1**

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
SCHEDULE OF PER DIEM PAID BOARD MEMBERS  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Board Members</u>	<u>Amount</u>
Louis Charbonnet, III	\$ 1,700
Craig G. Gill	4,400
Andrew W. Hayes	1,600
Wall V. McKneely	1,700
Eugene Pellerin	600
Belva M. Pichon	1,700
Oscar A. Rollins	1,500
Kelly Rush	1,300
Margaret Shehee	1,700
Paul W. Castille	<u>800</u>
Total	<u>\$ 17,000</u>

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 37:838. Board members are paid \$100 per day for board meetings and official business.

# BAXLEY AND ASSOCIATES, LLC

P. O. Box 482  
58225 Belleview Drive  
Plaquemine, Louisiana 70764  
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/CVA/PFS/FCPA  
Margaret A. Pritchard, CPA

-----  
Staci H. Joffrion, CPA

## SCHEDULE 2

Board of Directors  
Louisiana State Board of Embalmers  
And Funeral Directors  
Department of Health and Hospitals  
State of Louisiana  
Metairie, Louisiana

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the business-type activities of the Louisiana State Board of Embalmers and Funeral Directors, a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, and have issued our report thereon dated August 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana State Board of Embalmers and Funeral Directors' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana State Board of Embalmers and Funeral Directors' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Board of Embalmers and Funeral Directors' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed in to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (2010-1). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## SCHEDULE 2, CONTINUED

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana State Board of Embalmers and Funeral Directors' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. Louisiana State Board of Embalmers and Funeral Directors' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Louisiana State Board of Embalmers and Funeral Directors' response and, accordingly, we express no opinion of it.

This report is intended solely for the information and use of the management, others within the organization, the Louisiana State Board of Embalmers and Funeral Directors, and federal award agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Baxley & Associates, LLC*

Plaquemine, LA  
August 12, 2010



LOUISIANA STATE BOARD OF EMBALMERS  
AND FUNERAL DIRECTORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010

Type of auditor's report issued: Unqualified

Compliance: No instances of noncompliance were identified.

Internal control over financial reporting: Significant deficiency identified.

2010-1: Lack of controls over financial reporting in accordance with GAAP

Criteria:

*Condition:* As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Board's annual financial statements. This condition is intentional by management based upon the Board's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

*Recommendation:* As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

*Management's Response:* In response to the concerns about the Board's lack of control over financial reporting in accordance with GAAP, the Board has decided that the most cost beneficial solution is to have a yearly audit instead of the required review, and have the auditors prepare the year-end adjustments, financial statements and notes in accordance with GAAP.

LOUISIANA STATE BOARD OF EMBALMERS  
AND FUNERAL DIRECTORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010

Lack of controls over financial reporting in accordance with GAAP

Criteria:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Board's annual financial statements. This condition is intentional by management based upon the Board's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical. (This is a repeat finding.)

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Current Status:

The above condition still exists. This is a repeat finding.

LOUISIANA STATE BOARD OF EMBALMERS  
AND FUNERAL DIRECTORS  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2010

C O N T E N T S

AFFIDAVIT

	<u>Statements</u>
Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities (Additional information in Appendix B)	C
Statement of Cash Flows	D

Notes to the Financial Statements

- A. Summary of Significant Accounting Policies
- B. Budgetary Accounting
- C. Deposits with Financial Institutions and Investments (See Appendix C)
- D. Capital Assets – Including Capital Lease Assets
- E. Inventories
- F. Restricted Assets
- G. Leave
- H. Retirement System
- I. Other Postemployment Benefits (Additional information in Appendix D)
- J. Leases
- K. Long-Term Liabilities
- L. Contingent Liabilities
- M. Related Party Transactions
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- O. In-Kind Contributions
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- S. Violations of Finance-Related Legal or Contractual Provisions
- T. Short-Term Debt
- U. Disaggregation of Receivable Balances
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- W. Subsequent Events
- X. Segment Information
- Y. Due to/Due from and Transfers
- Z. Liabilities Payable from Restricted Assets
- AA. Prior-Year Restatement of Net Assets
- BB. Net Assets Restricted by Enabling Legislation (See Appendix F)
- CC. Impairment of Capital Assets (See Appendix G)
- DD. Employee Termination Benefits

- EE. Pollution Remediation Obligations
- FF. American Recovery and Reinvestment Act (ARRA)

**Schedules**

- 1 Schedule of Per Diem Paid to Board Members
- 15 Schedule of Comparison Figures and Instructions

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ended June 30, 2010  
**Louisiana State Board of Embalmers and Funeral Directors**  
**3500 N. Causeway Blvd., Suite 1232**  
**P.O. Box 8757**  
**Metairie, LA 70011**

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Physical Address:  
1201 N. Third Street  
Claiborne Building, 6<sup>th</sup> Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

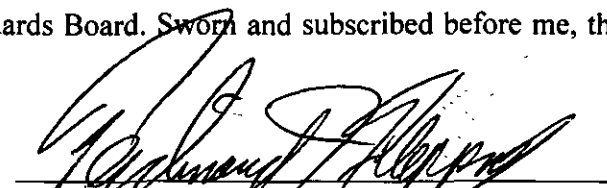
Legislative\_Auditor\_-\_Fileroom.LLA@lla.state.la.us

Physical Address:  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

**AFFIDAVIT**

Personally came and appeared before the undersigned authority, Dawn Scardino, Executive Director of the Louisiana State Board of Embalmers and Funeral Directors who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana State Board of Embalmers and Funeral Directors at June 30, 2010 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 10<sup>th</sup> day of August, 2010.

  
Signature of Agency Official

  
NOTARY PUBLIC  
Ferdinand J. Kleppner  
LA Bar Role # 07450 Notary #36998  
My Commission expires at death

Prepared by: Dawn P. Scardino

Title: Executive Director

Telephone No.: (504) 838-5109

Date: August 10, 2010

Email Address: labefd@bellsouth.net

## STATE OF LOUISIANA

## Statement A

## LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS

## BALANCE SHEET

AS OF JUNE 30, 2010

## ASSETS

## CURRENT ASSETS:

Cash and cash equivalents	\$ 648,387
Restricted Cash and Cash Equivalents	
Investments	
Receivables (net of allowance for doubtful accounts)(Note U)	500
Prepayments	
Notes receivable	
Other current assets	
Total current assets	648,887

## NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Investments	
Notes receivable	
Capital assets, net of depreciation (Note D)	
Land and non-depreciable easements	
Buildings and improvements	
Machinery and equipment	4,977
Infrastructure	
Construction/Development-in-progress	
Other noncurrent assets	
Total noncurrent assets	4,977
Total assets	\$ 653,864

## LIABILITIES

## CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 22,515
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities: (Note K)	
Contracts payable	
Compensated absences payable	3,965
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
Other long-term liabilities	
Total current liabilities	26,480

## NONCURRENT LIABILITIES: (Note K)

Contracts payable	
Compensated absences payable	20,213
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
OPEB payable	112,504
Other long-term liabilities	
Total noncurrent liabilities	132,717
Total liabilities	159,197

## NET ASSETS

Invested in capital assets, net of related debt	4,977
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	489,690
Total net assets	494,667
Total liabilities and net assets	\$ 653,864

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Statement B**

**OPERATING REVENUE**

Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	471,961
Other	_____
Total operating revenues	471,961

**OPERATING EXPENSES**

Cost of sales and services	_____
Administrative	487,239
Depreciation	2,973
Amortization	_____
Total operating expenses	490,212
Operating income(loss)	(18,251)

**NON-OPERATING REVENUES(EXPENSES)**

State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	11,054
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	1,784
Other expense	_____
Total non-operating revenues(expenses)	12,838

Income(loss) before contributions, extraordinary items, & transfers	(5,413)
---	---------

Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____

Change in net assets	(5,413)
----------------------	---------

Total net assets – beginning	500,080
------------------------------	---------

Total net assets – ending	\$ 494,667
---------------------------	------------

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Statement C**

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
				Net (Expense) Revenue and Changes in Net Assets
Entity	\$ 490,212	\$ 471,961	\$	\$ (18,251)
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				11,054
Miscellaneous				1,784
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				12,838
Change in net assets				(5,413)
Net assets - beginning as restated				500,080
Net assets - ending				\$ 494,667

The accompanying notes are an integral part of this statement.



**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Statement D**  
**(continued)**

<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 472,051	
Cash payments to suppliers for goods and services	(163,074)	
Cash payments to employees for services	(284,722)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>24,255</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other	1,784	
Net cash provided(used) by non-capital financing activities		<u>1,784</u>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(5,530)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>(5,530)</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	11,054	
Net cash provided(used) by investing activities		<u>11,054</u>
Net increase(decrease) in cash and cash equivalents		<u>31,563</u>
Cash and cash equivalents at beginning of year		<u>616,824</u>
Cash and cash equivalents at end of year	\$	<u>648,387</u>

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Statement D  
(concluded)**

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

Operating income(loss)	\$	(18,251)
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	2,973	
Provision for uncollectible accounts		
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net		
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments	90	
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	6,108	
Increase(decrease) in compensated absences payable	2,631	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in OPEB payable	30,704	
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities	\$	24,255

**Schedule of noncash investing, capital, and financing activities:**

Borrowing under capital lease(s)	\$	
Contributions of fixed assets		
Purchases of equipment on account		
Asset trade-ins		
Other (specify)		
<b>Total noncash investing, capital, and financing activities:</b>	\$	-

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2010**

**INTRODUCTION**

The Louisiana State Board of Embalmers and Funeral Directors was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:831-861. The following is a brief description of the operations of Louisiana State Board of Embalmers and Funeral Directors and includes the parish in which the Board is located:

The Louisiana State Board of Embalmers and Funeral Directors is domiciled in Metairie, Louisiana and consists of seven board members appointed by the governor. The board is charged with the responsibility of licensing and regulating embalmers, funeral directors, and funeral home within the State of Louisiana. Operations of the board are funded through self-generated revenues.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Louisiana State Board of Embalmers and Funeral Directors present information only as to the transactions of the programs of the Louisiana State Board of Embalmers and Funeral Directors as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana State Board of Embalmers and Funeral Directors are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2010**

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the Louisiana State Board of Embalmers and Funeral Directors are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>484,478</u>
Amendments:	
Amendment No. 1	<u>(7,950)</u>
	<u>                    </u>
Final approved budget	\$ <u><u>476,528</u></u>

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana State Board of Embalmers and Funeral Directors may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana State Board of Embalmers and Funeral Directors may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2010**

times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

**GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.**

The deposits at June 30, 2010, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 17,590	\$ 630,697		\$ 648,287
Deposits in bank accounts per bank	\$ 39,462	\$ 630,697		\$ 670,159
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution	259,036			259,036
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's				

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
Chase Bank	Money Market	\$ 46,661
First NBC Bank	Certificate of Deposit	509,036
Chase Bank	Checking	39,462
Bank of Greensburg	Certificate of Deposit	75,000
total		\$ 670,159

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Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$	<u>-</u>
Petty cash	\$	<u>500</u>

**2. INVESTMENTS**

The Louisiana State Board of Embalmers and Funeral Directors does not maintain investment accounts as authorized by Louisiana Revised Statute 49:327(C).

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES – NOT APPLICABLE
4. DERIVATIVES (GASB 53) – NOT APPLICABLE
5. POLICIES – NOT APPLICABLE
6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE

**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

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	Year ended June 30, 2010						
	Prior Period Adjustments			Adjusted Balance 6/30/2009	Additions	Transfers*	Retirements
	Balance 6/30/2009	Adj. after submitted to OSRAP (+or-)	Restatements (+or-)				
<b>Capital assets not being depreciated</b>							
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software Development in Progress	-	-	-	-	-	-	-
Construction in progress (CIP)	-	-	-	-	-	-	-
Total capital assets not being depreciated	-	-	-	-	-	-	-
<b>Other capital assets</b>							
Machinery and equipment	17,740	-	-	17,740	5,530	-	(5,640)
Less accumulated depreciation	(15,320)	-	-	(15,320)	(2,973)	-	5,640
Total Machinery and equipment	2,420	-	-	2,420	2,557	-	-
Buildings and improvements	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-
Total buildings and improvements	-	-	-	-	-	-	-
Depreciable land improvements	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated and purchased)	-	-	-	-	-	-	-
Other Intangibles	-	-	-	-	-	-	-
Less accumulated amortization - software	-	-	-	-	-	-	-
Less accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	2,420	-	-	2,420	2,557	-	-
Capital assets not being depreciated	-	-	-	-	-	-	-
Other capital assets, at cost	17,740	-	-	17,740	5,530	-	(5,640)
Total cost of capital assets	17,740	-	-	17,740	5,530	-	(5,640)
Less accumulated depreciation and amortization	(15,320)	-	-	(15,320)	(2,973)	-	5,640
Capital assets, net	\$ 2,420	\$ -	\$ -	\$ 2,420	\$ 2,557	\$ -	\$ 4,977

\* Should be used only for those completed projects coming out of construction-in-progress to fixed assets

**E. INVENTORIES – NOT APPLICABLE**

**F. RESTRICTED ASSETS – NOT APPLICABLE**

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**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Louisiana State Board of Embalmers and Funeral Directors has the following policy on annual and sick leave

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

**2. COMPENSATORY LEAVE**

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2010 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be zero. The leave payable is recorded in the accompanying financial statements.

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the Louisiana State Board of Embalmers and Funeral Directors are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Louisiana State Board of Embalmers and Funeral Directors employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal



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benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2008 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

[http://www.lasers.state.la.us/PDFs/Publications\\_and\\_Reports/Fiscal\\_Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports\\_08.pdf](http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_08.pdf)

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Louisiana State Board of Embalmers and Funeral Directors is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2010, increased to 18.6% of annual covered payroll from the 18.5% and 20.4% required in fiscal years ended June 30, 2009 and 2008 respectively. The Board's contributions to the System for the years ending June 30, 2010, 2009, and 2008, were \$39,822, \$33,533, and \$36,341, respectively, equal to the required contributions for each year.

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**I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The other postemployment benefits (OPEB) calculation for the year ended June 30, 2010 is as follows:

Annual OPEB expense and net OPEB Obligation		6/30/2010
Fiscal year ending		
1. * ARC		\$36,700
2. * Interest on NOO (4% )		\$3,300
3. * ARC adjustment		(\$3,100)
4. * Annual OPEB Expense (1. + 2. - 3.)		\$36,900
5. Contributions (employer pmts. to OGB for retirees' cost of 2010 insurance premiums)		(\$6,396)
6. Increase in Net OPEB Obligation (4. - 5.)		\$30,504
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)		\$82,000
8. **NOO, end of year (6. + 7.)		\$112,504

**J. LEASES**

**1. OPERATING LEASES**

The total payments for operating leases during fiscal year 2009/2010 amounted to \$33,066. A schedule of payments for operating leases follows:

Nature of lease	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016- 2020	FY 2021- 2025
Office Space	\$ 28,101	\$ 28,101	\$ 18,734				
Equipment	5,744	1,665					
Land							
Other							
Total	\$ 33,845	\$ 29,766	\$ 18,734	\$ -	\$ -	\$ -	\$ -

2. CAPITAL LEASES – NOT APPLICABLE

3. LESSOR DIRECT FINANCING LEASES – NOT APPLICABLE

4. LESSOR – OPERATING LEASE – NOT APPLICABLE

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**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2010:

	<u>Year ended June 30, 2010</u>			<u>Balance June 30, 2010</u>	<u>Amounts due within one year</u>
	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>		
<b>Notes and bonds payable:</b>					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-	-
Total notes and bonds	-	-	-	-	-
<b>Other liabilities:</b>					
Contracts payable	-	-	-	-	-
Compensated absences payable	21,547	2,631	-	24,178	3,965
Capital lease obligations	-	-	-	-	-
Claims and litigation	-	-	-	-	-
Pollution remediation obligation	-	-	-	-	-
OPEB payable	81,800	37,100	-	118,900	-
Other long-term liabilities	-	-	-	-	-
Total other liabilities	103,347	39,731	-	143,078	3,965
Total long-term liabilities	\$ 103,347	\$ 39,731	\$ -	\$ 143,078	\$ 3,965

**L. CONTINGENT LIABILITIES – NOT APPLICABLE**

**M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE**

**N. ACCOUNTING CHANGES – NOT APPLICABLE**

**O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE**

**P. DEFEASED ISSUES – NOT APPLICABLE**

**Q. REVENUES – PLEDGED OR SOLD (GASB 48) – NOT APPLICABLE**

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**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE**

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE**

**T. SHORT-TERM DEBT – NOT APPLICABLE**

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2010, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
General	\$	\$	\$	500	500
					-
Gross receivables	\$ -	\$ -	\$ -	500	500
Less allowance for uncollectible accounts					
Receivables, net	\$ -	\$ -	\$ -	500	500
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	-

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2010, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General	\$ 6,800	\$ 15,715	\$	\$	22,515
					-
Total payables	\$ 6,800	\$ 15,715	\$ -	\$ -	22,515

**W. SUBSEQUENT EVENTS – NOT APPLICABLE**

**X. SEGMENT INFORMATION – NOT APPLICABLE**

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**Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE**

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE**

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE**

**BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) – NOT APPLICABLE**

**CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES – NOT APPLICABLE**

**DD. EMPLOYEE TERMINATION BENEFITS**

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2009, there were no benefits paid for voluntary or involuntary terminations.

There is no liability for accrued voluntary or involuntary termination benefits payable at June 30, 2009.

**EE. POLLUTION REMEDIATION OBLIGATIONS – NOT APPLICABLE**

**FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) – NOT APPLICABLE**

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**SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS**  
**JUNE 30, 2010**

Name	Amount
<u>Louis Charbonnet , III</u>	\$ <u>1,700</u>
<u>Craig G. Gill</u>	<u>4,400</u>
<u>Andrew W. Hayes</u>	<u>1,600</u>
<u>Wall V. McKneely</u>	<u>1,700</u>
<u>Eugene B. Pellerin</u>	<u>600</u>
<u>Belva M. Pichon</u>	<u>1,700</u>
<u>Oscar Rollins</u>	<u>1,500</u>
<u>Kelly Rush</u>	<u>1,300</u>
<u>Margaret Shehee</u>	<u>1,700</u>
<u>Paul W. Castille</u>	<u>800</u>
Total	\$ <u><u>17,000</u></u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

SCHEDULE 1

**STATE OF LOUISIANA**

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**COMPARISON FIGURES**

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **\$3 million**, explain the reason for the change.

	<u>2010</u>	<u>2009</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>484,799</u>	\$ <u>489,517</u>	\$ <u>(4,718)</u>	<u>(0.97%)</u>
Expenses	<u>490,212</u>	<u>489,967</u>	<u>245</u>	<u>0.05%</u>
2) Capital assets	<u>4,977</u>	<u>2,420</u>	<u>2,557</u>	<u>51.38%</u>
Long-term debt	<u></u>	<u></u>	<u>-</u>	<u></u>
Net Assets	<u>494,667</u>	<u>500,080</u>	<u>(5,413)</u>	<u>(1.09%)</u>
Explanation for change:	<u></u>			
	<u></u>			
	<u></u>			
	<u></u>			